



State of North Dakota
Office of the Commissioner of Insurance

J. O. Wigen, Commissioner

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BULLETIN 82-1

TO : ALL INSURANCE COMPANIES LICENSED TO DO BUSINESS
IN NORTH DAKOTA

FROM: J. O. WIGEN, COMMISSIONER OF INSURANCE

RE : AGENTS' LICENSING

DATE: JUNE 24, 1982

The department has been informed that agents' licensing requirements of this state are being ignored in a rather wholesale fashion by both agents and insurers. Individual agents are taking applications for coverage through companies with which they are not licensed and submitting an application for such license at the time the insurance application is sent in. Such conduct is a violation of our insurance laws.

Section 26-17.1-06 states:

"No person, partnership, association, or corporation shall act as or hold himself out to be an insurance agent, insurance broker, surplus lines insurance broker, limited insurance representative, or consultant unless duly licensed. No insurance agent, insurance broker, surplus lines insurance broker, or limited insurance representative shall make application for, procure, negotiate for, or place for others, any policy for any lines of insurance as to which he is not then qualified and duly licensed. No insurance agent or limited insurance representative shall place a policy of insurance with any insurer as to which he does not then hold a license as an insurance agent or limited insurance representative under this chapter."

A review of that section of the North Dakota Century Code makes it absolutely clear that the soliciting, procuring, negotiating and transmitting of an application of insurance without being licensed prior to taking an application and licensed properly by line of insurance and with the company through whom the

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application is being placed constitutes a violation of Section 26-17.1-06 and may be the basis for action against that agent's insurance licenses under Section 26-17.1-42(3), N.D.C.C. It should be abundantly clear that the act of an insurer in accepting such applications and paying commissions thereon may constitute a violation of Section 26-17.1-11, N.D.C.C.

However, a licensed broker is not limited in the same manner as an agent and may well be in a position to place coverage through any available carrier without the need for the individual agent's licenses.

This department views the practices as described above as a most serious matter and when brought to the attention of the department will be treated as such.

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